

Housing

With its pleasant climate, prime location in the heart of Silicon Valley, and wonderful schools, California's 14th Congressional District is one of the most beautiful, desirable places to live in the country. What makes our communities wonderful places to live is also driving the cost of housing through the roof.

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- Department of Housing and Urban Development
- Santa Clara Housing Authority
- Santa Cruz Housing Authority
- San Mateo Housing Authority

Affordable Housing

In January, the San Jose Mercury News reported the following median prices for single family homes in the counties within the 14th Congressional District:

Santa Clara County: \$700,000

San Mateo County: \$780,000

Santa Cruz County: \$725,000

These housing prices preclude many families from being able to purchase a home. The lack of affordable housing prevents people from living where they work, forcing them into longer commutes which puts an

additional strain on our transportation infrastructure.

To help alleviate this problem, Rep. Eshoo cosponsored H.R. 1549, the Renewing the Dream Tax Credit Act. This bill provides investors with a tax credit of up to 50 percent of the cost of each qualified residence they develop. This tax credit is expected to generate nearly \$2 billion in private investment annually for the construction and/or rehabilitation of approximately 50,000 homes for sale to lower-income families each year.

Rep. Eshoo is also an original cosponsor of H.R. 2636, the Housing Preservation Matching Grant Act of 2005, which creates a state and federal partnership by providing two federal dollars for every dollar a state invests in affordable housing, including operating costs, capital expenditures, acquisition and preservation. Both of these initiatives would go a long way toward providing affordable housing throughout the District, as well as the Country.

Rep. Eshoo has also supported efforts to raise the conforming loan limit for California. Conforming loans are mortgages that Government Sponsored Enterprises (GSEs) like Freddie Mac and Fannie Mae buy. These mortgages are bundled and then sold to investors. The GSEs are then able to offer savings to homeowners in the form of lower interest rates. Conforming loan limits for California are currently below the median cost of a home. Thankfully, a provision was added to H.R. 1461, the Federal Housing Finance Reform Act of 2005, which raises the conforming loan limit for the San Francisco Bay area from \$359,650 (in 2005) to \$625,500. H.R. 1461 has passed the House and is now awaiting Senate action.

Also included in H.R. 1461 was language to establish an Affordable Housing Fund (AHF), under which a portion of the profits of Freddie Mac and Fannie Mae would be used for production and preservation of low-income affordable housing. Based on the GSE's average profits from 2000 to 2003, the amount would be about \$390 million annually during the first two years and \$580 million in subsequent years. The fund would help lower-income homeowners and renters and give priority to the victims of natural disasters such as Hurricanes Katrina and Rita. Funds from Fannie Mae and Freddie Mac would go to affordable housing organizations, which would then work directly with the beneficiaries.

Community Development Block Grant

The Community Development Block Grant (CDBG) program has been a highly effective tool for providing communities with the resources needed for redevelopment and revitalization, as well as housing rehabilitation. It has been proven to create jobs, opportunities and homes for low-income families and individuals.

The President's Fiscal Year 2006 budget request contained a proposal to consolidate CDBG (currently administered by the Department of Housing and Urban Development), along with 17 other housing and community development programs into one program to be operated by the Commerce Department. The President's request would have funded this new consolidated program at 35 percent less than the 18 programs received last year. Rep. Eshoo opposed this plan and joined her Colleagues in sending a letter to House Appropriators urging them to resist this plan.

The Bush Administration has also threatened to change the CDBG funding formula to ensure that more affluent communities cannot receive funding through this program. In fact, last year David Sampson, Assistant Secretary of Commerce for Economic Development, specifically named Palo Alto as a community receiving more funds than it "deserves." Unfortunately, these comments demonstrate a lack of understanding for how this program benefits communities with real income disparities. In the 14th Congressional District, the CDBG program provides essential funding for communities to assist the poor, seniors and homeless.

Thankfully, the President's proposals regarding CDBG have not been adopted by Congress. Rep. Eshoo will continue to fight for the continuation of this important program.

Related Documents:

Rep. Eshoo's letter to House Appropriators opposing the consolidation of CDBG.

Rep. Eshoo's letter to President Bush in response to Mr. Sampson's comments regarding Palo Alto receiving CDBG funds.

Section 8 Housing Assistance

The Section 8 Housing Assistance program helps the neediest in our society with their housing needs. Under this program, tenants pay a fixed percentage of their income for rent, and the balance is paid by the federal government directly to the property owner. Rep. Eshoo has been a consistent supporter of the Section 8 program and has fought to preserve its funding.

Rep. Eshoo is also a supporter of the Moving to Work (MTW) program. MTW is a demonstration program that provides public housing authorities with greater flexibility to design and test ways to:

- Promote self-sufficiency among assisted families
- Achieve programmatic efficiency and reduce costs
- Increase housing choice for low-income households

San Mateo County currently participates in this program, and Rep. Eshoo has supported efforts to expand this program into the other counties of California's 14th District, Santa Clara and Santa Cruz.

Related Documents:

Rep. Eshoo's letter to House appropriators urging them to designate the Housing Authorities of Santa Clara and San Jose as Moving To Work (MTW) programs.

Mortgage Tax Deduction

Among the President's announced goals upon taking office was reforming our current tax code. To that end, the President established a panel of experts to analyze our current system and determine how it can be simplified while still ensuring that the tax burden is shared in a progressive manner and providing for long-term growth and job creation. In November of 2005, the Panel issued its report. Included in this report was a proposal to reduce the amount of mortgage interest that can be deducted. While no legislative proposals have come out of the Panel's report Rep. Eshoo is closely monitoring this issue and opposes abolishing the Mortgage Interest Deduction for homeowners. For more information visit the tax section of Rep. Eshoo's website.

Related Resources:

- President's Panel on Tax Reform